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SUBJECT: Embassy Tirana Weekly Report

It's Not What You Know. . .

1. The Financial Crimes Task Force of the Tirana Prosecutor's Office has concluded the investigation of a major property related fraud case that involved the illicit transfer of land titles to a major Albanian builder. The list of those charged includes the Head of Property Restitution Commission, a number of district restitution commission employees, the construction businessman Alban Xhillari and his lawyer. In addition to forged documentation, prosecutors say that they have also collected incriminating wiretaps that shed light into a major corruption scheme. According to the Prosecutor's office, Alban Xhillari orchestrated the restitution to an Albanian family of 135 acres of prime coastal land that it had never owned or made claim to. The family reported Xhillari to prosecutors after discovering that Xhillari's representatives had illegally shifted the location of their land by several miles. Xhillari has denied all charges and says that he was never involved in the deal. Several property restitution officials have been placed under house arrest and charged with fraud. Attempts by the case prosecutor to put Mr. Xhillari under arrest were derailed by the Tirana District Prosecutor. On February 12, 2008, the Tirana Court, set bail for Xhillari at 100 thousand USD, which he immediately agreed to pay.

2. This case marks the first major investigation into fraudulent practices in the property restitution process in Albania. According to Albania law, former owners of property confiscated by the Communist government are entitled to full restitution of those properties when available, and compensation at market price for property that cannot be reclaimed. The process, however, is marked by major hurdles and plagued by corruption and criminal interference. Thousands of property claims remain outstanding and the restitution offices are poorly staffed and equipped, a situation that the authorities have a vested interest in the current state of the restitution process. The case under investigation best illustrates a standard precedent in the restitution process, i.e. only toe with power or money can work the system and get their property back. This case may also hopefully prove that justice - even for the well-connected - may be served.

Spend, Spend, and Spend Some More. . .

3. On February 10, Minister of Finance Bode reacted to recent IMF concerns over the larger-than-expected negative impact of the global crisis on the Albanian economy in 2009. Bode disagreed with the IMF's pessimistic forecast for 2009 and instead expressed his confidence that the domestic economy will avoid serious fallout from the global crisis and will continue to show a fairly decent growth rate. Bode also disclosed the GOA's anti-crisis plan, which consists mainly of boosting public spending and launching of new public financed projects. He said that the MOF will sign next week a \$420 million commercial loan agreement with a foreign bank. In addition to raising additional funding, the GOA decision aims to protect the domestic financial market, allowing domestic banks to maintain a good level of liquidity in order to finance private

projects in Albania.

¶4. The GOA is also moving forward with privatization as a way to improve performance efficiency, attract foreign investors and collect cash for public spending. For the first six months of 2009, it is planning to sell almost 240 million USD worth of state-owned assets. The government just announced the sale of 12.6 percent of mobile operator AMC for USD 65 million, and is planning to sell its 24 percent stake in the state landline company. Two other major privatizations, the Insurance Company and the Electricity Distribution Operator are also nearly complete. On top of that, another \$150 million from the sale of ARMO should already be in the treasury. Overall, the GOA is killing two birds with one stone, both mobilizing for the crisis but more importantly (from the government's view) building an election war chest.

Made in Albania, Back to Albania

¶5. Two of Albania's key national soccer team players, Lorik Cana (playing currently for France's Olympique de Marseille) and Igli Tare (playing currently for Italy's Lazio) paid an Italian collector 20,000 Euros in order to bring back to Albania the bust of the Greek god of medicine Asclepius. The head was stolen from the amphitheater of Butrint (in southern Albania) in April 1991. Player Tare said he heard about the sale by Christie's of the bust and traced it to an Italian buyer.

¶6. Approximately 2600 years old, the bust belongs to the statue of Asclepius, carved in white marble with green veins, and part of the chapel of Butrint. Known Italian archeologist Ugolini was the first

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to discover the bust, but the statue was never found. Researchers are split over whether the bust belongs to Asclepius or to Zeus. Therefore, it is usually referred to as Asclepius/Zeus.

¶7. The players said they were happy to hear President Topi will receive the bust when they bring it to Tirana, a full 18 years after it first went missing.

Quote of the Week

¶8. "When the prosecutor's office becomes an instrument of politics, this becomes not only shameful but dangerous as well." Excerpts from a speech by former Minister of Defense Fatmir Mediu following his indictment in connection with the tragic Gerdec explosion.